

SC-56

SAPC-6189
Copy 5 of 6

MEMORANDUM FOR: Project Director of Administration 5 June 1956

SUBJECT : Per Diem Payment by Lockheed to Detachment A
Contract Employees

25X1A 1. Mr. C. L. Johnson informed me in a telephone conversation on 29 May that Lockheed is proposing to pay their employees while stationed at [REDACTED] a contribution toward their living expenses. The employees will be required to submit an expense account and outlays for approved items will be reimbursed up to the amount of [REDACTED] per day. This payment is calculated to cover a portion of the employees' living costs of about Twenty-Dollars (\$20.00) per week. The calculation is based on the costs that have been experienced at [REDACTED]. The figure of Twenty-Dollars is the estimate that was given the employees at the time of their selection as the probable amount of their weekly living expenses. 25X1A

25X1A 2. Employees will be cautioned when they are told of this arrangement that the less said about it to others at [REDACTED] the better and that they should describe it as a contribution by the Company to living expenses in "hardship" cases and situations. They will also be warned that if this becomes an issue with other groups in the Detachment as a consequence of much talk about it, the whole arrangement will have to be reconsidered. It is being stipulated by the Company that this arrangement applies only at [REDACTED] and will not necessarily be continued at any other location. 25X1A

25X1A 3. The justification for this arrangement is of course dubious but I am convinced that some justification does exist. In equity it is that the Lockheed employees have been spending nearly twice as much as they were told to expect and that this unexpected extra living cost, if continued, would eat up most of the bonus they are due at the end of their period of employment. The more pragmatic justification is that Kelly was faced with a degree of real unhappiness on this matter of living costs and is convinced that there would be some attrition of personnel and considerable impairment of morale if some action were not taken. This has been discussed provisionally with the contract employees of Detachment A and I believe it is not possible for us to prevent this arrangement from being put into effect.

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4. Kelly has twice stated to me that the Company would meet this cost out of its own resources. I am not quite clear what this means. I would appreciate if the Contracting Officer would find out from [REDACTED] just exactly how this item will be financed.

25X1A

5. I believe [REDACTED] should be aware of this action by Lock-
heed and hope that [REDACTED] would in any event inform him. In order to make sure, however, I ask the Director of Administration to send a rather carefully worded message suggesting that he discuss with [REDACTED] action taken by C.L. Johnson following further consideration of the personnel problems he looked into at [REDACTED] and stating that we would communicate on this matter by dispatch. You might then send [REDACTED] a paraphrase of this memoraddum with any other comments you wish. I believe it would not be desirable to outline the arrangement in a message since it would then have to be read by commo personnel at the very least and might receive undesirable circulation.

*from profit, unless
it is approved, as an
admissible item
under the
contract.*

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25X1A

2/m
RICHARD M. BISSELL, JR.
Project Director

RMB:djm
1-Dir of Admin
2-RMB Chrono
3-Contracting Offr
4-Pro. Dep. Dir.
5-Finance
6-Project Chrono

SECRET

SENDER WILL CHECK CLASSIFICATION			
UNCLASSIFIED		CONFIDENTIAL	SECRET
CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	INITIALS	DATE
1	MR. CUNNINGHAM	<i>AB</i> 18	JUN 1956
2	[REDACTED]		
3	<i>Debate (F/le B A)</i>		
4	<i>AB</i>		
5			
6			
ACTION		DIRECT REPLY	PREPARE REPLY
APPROVAL		DISPATCH	RECOMMENDATION
COMMENT		FILE	RETURN
CONCURRENCE		INFORMATION	SIGNATURE
<p>Remarks: I DON'T FOLLOW THE ATTACHED FOR TWO SPLIT SECONDS. 1. WE ARE REIMBURSING EACH CONTRACTOR EMPLOYEE FOR EACH DIME THAT HE SPENDS FOR FOOD AND LODGING AT [REDACTED] (2) THE STORY THAT I GET IS THAT THE MESS IS NOT QUITE AS GOOD AS IT WAS AT [REDACTED] AND KELLY IS PROPOSING THIS [REDACTED] TO EACH OF HIS EMPLOYEES TO COMPENSATE FOR A SHRUNKEN WAIST LINE. (3) IF THIS IS DONE I BELIEVE THAT KELLY SHOULD BE REQUIRED TO SOLVE THE PROBLEM AS HE HAS AGREED TO DO (SEE PAR 4) WHICH CAN COME FROM ONLY ONE PLACE AND THAT IS "PROFIT". DO YOU KNOW OF SOMETHING THAT HAS NOT COME TO MY ATTENTION?</p>			
FOLD HERE TO RETURN TO SENDER			
FROM: NAME, ADDRESS AND PHONE NO.			DATE

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